## ABSTRACT OF THE DISCLOSURE

A method and system reduces the spatial resolution of a compressed bitstream of a sequence of frames of a video signal by first decoding the frames, and storing the decoded frames in a first frame buffer. While performing the decoding, motion compensating is performed with full resolution motion vectors of the stored decoded frames. The decoded frames are then down-sampled to a reduced resolution, and stored in a second frame buffer. The reduced resolution frames are partially encoded to produce a reduced resolution compressed bitstream of the video. While performing the partial encoding, motion compensation is performed with reduced resolution motion vectors of the stored reduced resolution frames.